

Market Conduct: Demystifying the Process

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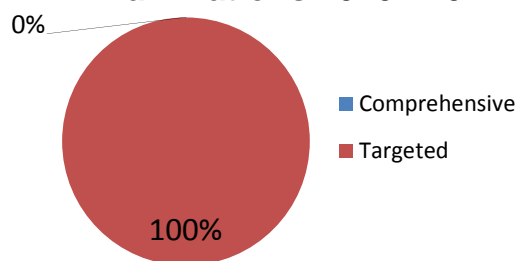


Regulating the Insurance Marketplace

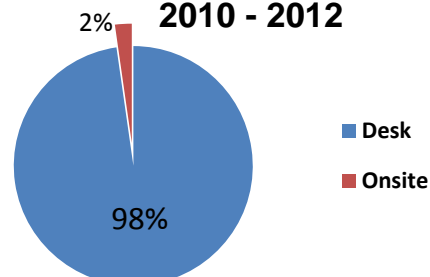
- Section overview and statistics
- Information systems
- Market Surveillance
- Market Conduct Continuum
- Interstate Cooperation
- Self Reporting



Comprehensive vs. Targeted Examinations 2010 - 2012



Desk vs. Onsite Examinations 2010 - 2012



Information Systems

An “alphabet soup” of information systems

1. Market Analysis Prioritization Tool
2. Market Analysis Review System
3. Market Conduct Annual Statement “MAPT”
4. Examination “MARB” System
- “MCAS”
- “ETS”

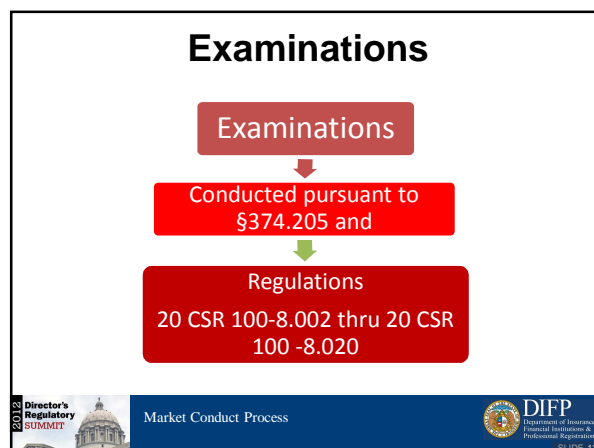
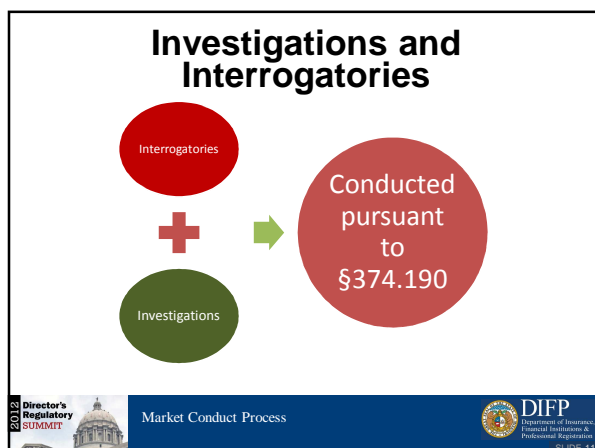
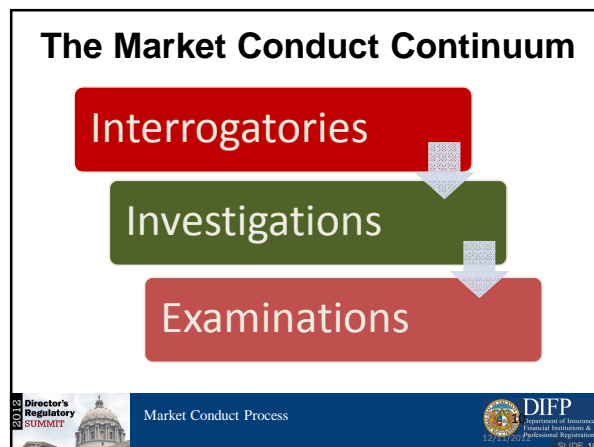
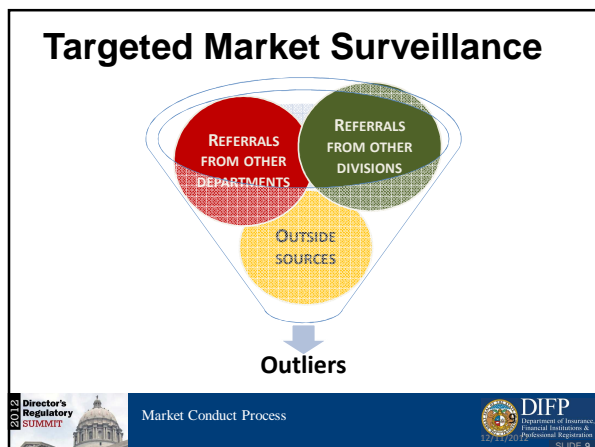
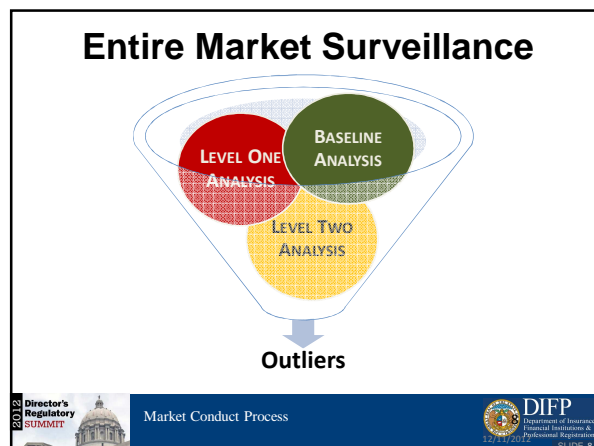
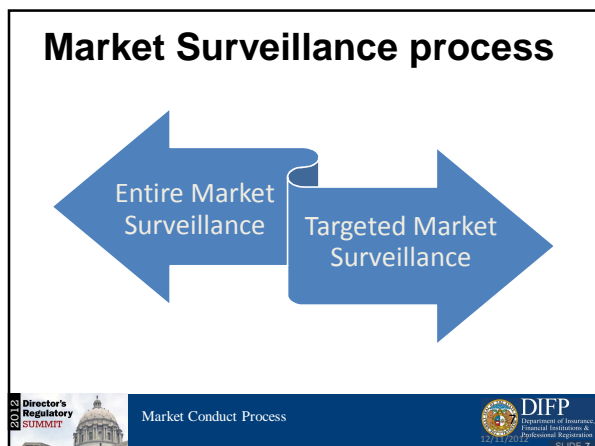


Information Systems

An “alphabet soup” of information systems

5. Market Information Tracking System
6. Regulatory Information Retrieval System
7. Complaint “MITS” Database System
8. Special Activities Database “CDS”
- “SAD”

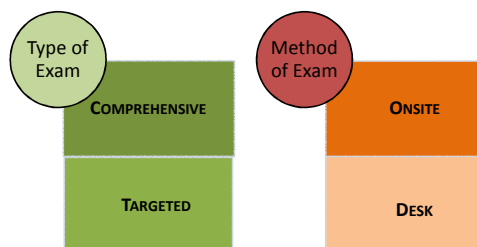




Automated Tools and Techniques

- Standardized Data Requests
 - Fields of commonly available company data
- ACL (Audit Command Language)
 - Data extraction and analysis software
 - Used to find irregularities or patterns in transactional data

Examination Methods



Exams– what's public?

Confidential

- Warrant issued
- Notice of exam to insurance company
- Exam conducted
- Draft exam report submitted
- Exam closing process

Public

- Final exam report issued

Interstate Cooperation

- Market requires coordinated regulation
- National Association of Insurance Commissioners (NAIC)
 - Interstate data sharing
 - Market Actions Working Group (MAWG)



Self-Reporting

- What is self-reporting?
- Does Missouri law recognize self-reporting?
- Why should a company self-report an issue?
- Will a self-report result in an enforcement action?
- What are the most common types of issues self-reported?

How to self-report

- Send correspondence identifying:
 - When and how was the problem discovered;
 - Is it a state-specific or multi-state issue;
 - Is it specific to a particular line of insurance;
 - How many policyholders in Missouri are affected;
 - What is the anticipated dollar impact of the issue or error?

Self-Reporting Dos and Don'ts

- **Do** notify us as soon as problem is identified
- **Do** give us all the information you can
- **Do** update us, if situation changes
- **Don't** notify us through SERFF
- **Don't** notify us through Consumer Affairs
- **Don't** solve the problem and then report



Market Conduct Process



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Market Conduct Process

